

1 **Adopt 2 Cal. Code Regs. Section 18404.1 to read:**

2 **18404.1 Termination of Committees.**

3 (a) **Pre-2001 Committees.** Any candidate controlled committee organized for elective
4 state office for an election held prior to January 1, 2001 must be terminated as set forth in 2 Cal.
5 Code Regs. section 18404 and as follows:

6 (1) For those candidates not in office any candidate controlled committees
7 must be terminated no later than December 31, 2002.

8 (2) For those candidates still in office:

9 (A) Any candidate controlled committees that have no debts must be
10 terminated no later than [3/6 months] after the date the candidate leaves office or the end of the
11 term of office, whichever comes first.

12 (B) Any candidate controlled committees that have debts must be
13 terminated no later than [12/18/24 months] after the date the candidate leaves office or the end of
14 the term of office, whichever comes first.

15 (b) **2001 and Post-2001 Committees.** Any candidate controlled committee
16 designated for elective state office for an election held on or after January 1, 2001 must be
17 terminated as set forth in 2 Cal. Code Regs. section 18404 and as follows:

18 (1) For candidate controlled committees with no net debts outstanding, as
19 defined in 2. Cal. Code Regs. section 18531.6, the committee must be terminated no later than
20 [3/6 months] after the date the candidate leaves office or the end of the term of office of the
21 successful candidate, whichever comes first, or [3/6 months] after the general election or special
22 runoff election for the unsuccessful candidate.

23 (2) For candidate controlled committees with net debts outstanding, as defined
24 by 2 Cal. Code Regs. section 18531.6, the committee must be terminated no later than [12/18/24

1 months] after the date the candidate leaves office or the end of the term of office of the
2 successful candidate, whichever comes first, or [12/18/24 months] after the general election or
3 special runoff election for the unsuccessful candidate.

4 (c) At the time the candidate controlled committee is terminated, the campaign bank
5 account associated with that committee must be closed. No further activity, including
6 contributions or payments, may be made or accepted, after the date of the termination of the
7 committee. Any contributions received after the date of the termination of the committee must
8 be returned to the contributor.

9 (d) Once a candidate is elected to any elective state office, any open local committees
10 controlled by that candidate must be terminated as set forth in 2 Cal. Code Regs. section 18404
11 within [6/12 months] of the general election or special runoff election in which the candidate was
12 elected to the state office.

13 (e) A committee subject to subdivisions (a), (b) or (d) may submit a request to the
14 Executive Director of the Fair Political Practices Commission for an exemption to the
15 requirements of this section, which shall be renewable in 6-month increments. Such a request
16 shall be submitted to the Executive Director no later than 30 days prior to the date the statement
17 of organization declaring the committee's termination would be due to be filed. If the initial
18 request is granted, any request to renew the exemption must, likewise, be submitted to the
19 Executive Director no later than 30 days prior to the expiration of the 6-month exemption.

20 The Executive Director's decision regarding the granting or denial of the exemption shall
21 be final. In considering denying or granting the request for exemption, the Executive Director
22 shall consider the following:

1 (1)(A) Whether the committee is continuing to receive contributions
2 toward its outstanding debts, and whether the committee anticipates receiving contributions
3 future contributions toward its outstanding debts; and

4 (B) Whether the committee has current the ability to discharge all of its
5 debts, loans received and other obligations;

6 (2) The existence of third-party debts and the extent to which payment
7 arrangements with one or more third-party creditors have been made and entered into in writing,
8 and the extent to which the candidate demonstrates how the committee will meet the agreed-
9 upon payment schedule;

10 (3) Whether the committee is a party to litigation or anticipates the filing of
11 litigation with a third-party creditor regarding debts arising out of goods or services provided to
12 the candidate or the candidate's controlled committee; or

13 (4) Other good cause shown.

14 (f) This section does not apply to local candidate controlled committees, except as
15 provided in subdivision (d).

16 NOTE: Authority cited: Section 83112, Government Code.
17 Reference: Section 84214, Government Code.